

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 SSO-00 NSCE-00 USIE-00

INRE-00 CIAE-00 PM-05 H-01 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 EB-07 OMB-01

TRSE-00 AID-05 IGA-02 /066 W

-----128443 201335Z /44

O R 201217Z JUL 77

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC IMMEDIATE 2422

INFO AMEMBASSY JIDDA

SECDEF WASHDC

C O N F I D E N T I A L AMMAN 4058

STATE FOR NEA/ARN; SECDEF FOR ASD: ISA AND DSAA

E.O. 11652: GDS

TAGS: MASS, JO, US, SA

SUBJECT: RECONSTITUTION OF FY-77 MAP FOR JORDAN

REF: A) SECDEF CONF MSG 3497, DTG 132216Z JUL 77, B) STATE
168276

1. GEN MAJALI, JAF ASST CHIEF OF STAFF FOR OPNS, NOTIFIED
MAP CHIEF (COL THOMPSON) THAT JAF STAFF HAS IDENTIFIED SEVERAL
FMS CASES WHERE JORDAN HAS SURPLUS PAYMENTS, TOTALLING ABOUT
\$6 MILLION. HE HAS INSTRUCTED THE MILITARY ATTACHE IN WASHINGTON,
COL KHADRA, TO CONTACT DSAA AND UTILIZE THE NECESSARY AMOUNT FROM
OVERPAYMENTS TO COVER THE \$1,764,700 IN PRINCIPAL DUE 30 JUN 77.
JORDAN STILL EXPECTS SAUDI ARABIA TO PAY FOR THIS. MAJALI SAYS
HE IS TAKING THIS ACTION AS AN EXPEDIENT TO PERMIT RESTORATION
OF JORDAN'S FY-77 MAP FUNDS, THEREBY ALLOWING JORDAN TO PROCEED
MILITARY PROCUREMENT PLANS. HE DOES NOT WANT THE SAUDI GOVERNMENT
TO BE AWARE OF JORDANIAN ACTION TO COVER THE 30 JUNE PAYMENT
BECAUSE HE FEARS THIS MAY MAKE IT DIFFICULT TO GET SAUDI ARABIA
TO MEET FUTURE PAYMENTS AS THEY COME DUE. HE THEREFORE DESIRES
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THAT SAUDI PAYMENT FOR SAME AMOUNT NOT BE CANCELLED OR SAUDIS
NOTIFIED OF JAF TRANSFER ACTION. UPON RECEIPT OF \$1.764 MILLION
FROM SAUDI ARABIA, JORDANIANS WISH EQUIVALENT AMOUNT PLACED IN
JAF HOLDING ACCOUNT. GEN MAJALI HOPEFUL THAT TRANSFER ACTION
AND RECONSTITUTION OF MAP PROGRAM CAN TAKE PLACE IN TIME SO
THAT HE CAN MAKE 27 JULY VISIT TO DOD.

2. EMBASSY DOES NOT BELIEVE THAT JORDAN SHOULD TAKE SUCH TRANSFER ACTION, EVEN THOUGH WE SYMPATHIZE WITH ITS SENSE OF URGENCY FOR PROMPT ACTION TO STRAIGHTEN OUT FINANCES. IT IS CONTRARY TO OUR POLICY ON FMS CREDIT FOR JORDAN AND COULD PRODUCE AN EVEN MORE SERIOUS AND COMPLICATED TANGLE.

3. EMBASSY FEELS THAT THE TRANSFER OF JORDANIAN FUNDS TO COVER A SAUDI OBLIGATION WILL SET AN UNDESIRABLE PRECEDENT AND COMPLICATE FUTURE SAUDI PAYMENTS.

4. GEN MAJALI INFORMS US THAT THE OVERDUE PAYMENT ON THE 30 JUNE DEBT WAS DISCUSSED WITH SAUDI DEF MIN PRINCE SULTAN DURING THE 17 JULY VISIT OF JAF CINC GENERAL ZEID BEN SHAKER TO TABUK; A COPY OF THE SAUDI AGREEMENT TO PAY THE PRINCIPAL ON THESE DEBTS WAS PROVIDED TO THE PRINCE. MAJALI SAYS PRINCE SULTAN WAS NOT PREVIOUSLY AWARE OF THE AGREEMENT AND SAID HE WOULD HAVE THE MATTER LOOKED INTO. BASED ON THE FOREGOING, WE ARE SURE THAT THE SAUDIS WILL HONOR THEIR OBLIGATION.

5. WE BELIEVE STRONGLY THAT JORDAN IS BEING UNJUSTLY PENALIZED FOR A FINANCIAL OBLIGATION WHICH SAUDI ARABIA IS LEGALLY OBLIGED TO PAY, AND WILL PAY. DO NOT BELIEVE SAUDI DELINQUENCY SHOULD AFFECT RECONSTITUTION OF THE JORDANIAN FY-77 MILITARY ASSISTANCE PROGRAM. URGE DEPARTMENT TO WEIGH IN IMMEDIATELY TO GET NECESSARY AGENCIES STARTED ON PROMPT RECONSTITUTION OF THE FY-77 MA PROGRAM, NOW THAT SAUDI GUARANTEE OF FY-76 FMS CREDIT

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HAS BEEN RECEIVED. FURTHER DELAYS WILL IMPACT SERIOUSLY ON EQUIPMENT DELIVERY DATES, RESULT IN SIGNIFICANT INCREASES IN PRICES, AND CAUSE OTHER COMPLICATIONS.

PICKERING

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Message Attributes

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